

Commonwealth of Massachusetts
Executive Office of Health and Human Services

FY 2007 Salary Reserve
Policy for POS Contracts that Begin or Terminate Mid-Year

In years for which the Legislature appropriates funds to a salary reserve, reserve allocations are made based on July 1 payroll data for all current, eligible contracts. In accordance with the regular procedures followed for payment of funds under the salary reserve, and because allocations are made based on snap-shot of payroll data for contracts active in the beginning of the fiscal year, the following applies:

- Contracts that terminate during the course of a fiscal year are only eligible for a salary reserve allocation that covers the duration of the contract. This is because state finance law prohibits the allocation of funds for contracts after their termination date.
- Contracts that are begun or newly-procured during the middle of a fiscal year are not eligible for salary reserve allocation in that year. This is because a) purchasing agencies are expected to execute new procurements in a manner that accommodates labor and other market cost increases subject to appropriation, and b) there is no cost basis for determining an accurate salary reserve allocation.